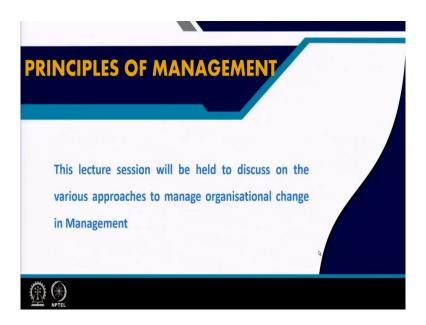
## Principles of Management Prof. Susmita Mukhopadhyay Vinod Gupta School of Management Indian Institute of Technology, Kharagpur

Module – 10 Lecture - 50 Approaches to manage organisational change

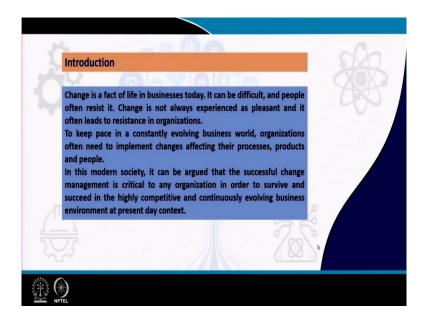
Welcome back to the lecture session on the Principles of Management. We were discussing organisational change. In that sequence, today we are going to discuss approaches to manage organisational change. So, let us begin.

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In this lecture, we are going to discuss on the various approaches to manage organisational change in management.

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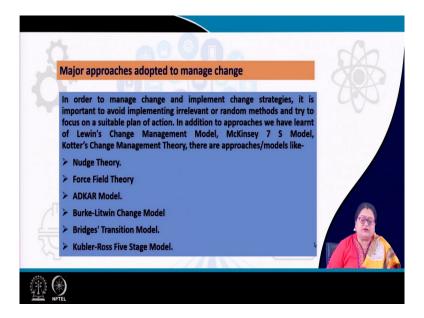


Now, as we have already seen like change is a part of life in business today. So, it can be difficult, many people can resist it. So, and also in some cases change is not experienced as pleasant and it often leads to resistances in the organization. However, to keep pace with the ever-evolving business situations, organization often needs to implement changes so that their processes become improved and their products and its products become improved.

But it definitely has an effect on their people and the other existing processes. So, for these reasons because it is an impact on the ongoing system of the processes or the ways that the people are doing their things. So, of the whole process of like when we talk of introducing changes in the organization or change implementation, then change management is a very critical part of that whole process.

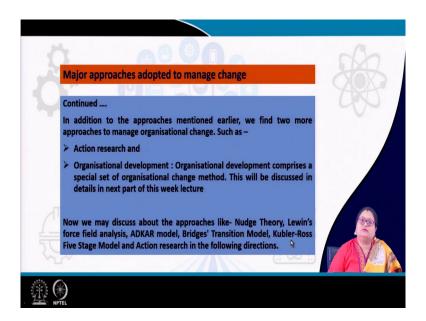
And in order to thus the people to survive and succeed in a competition environment and also for the organization to survive in a competitive and continuously evolving business environment, change management is a very critical process. So, in today's discussion, we are going to look into the various aspects of how to manage change processes will.

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We have already discussed about some of the models like Lewin's Change Management Model, McKinsey 7S Model and Kotter's Change Management Theory. But there are also other approaches like Nudge Theory, Force Field Theory, then ADKAR Model, Burke-Litwin Change Model, Bridge's Transition Model and Kubler-Ross Five Stage Model.

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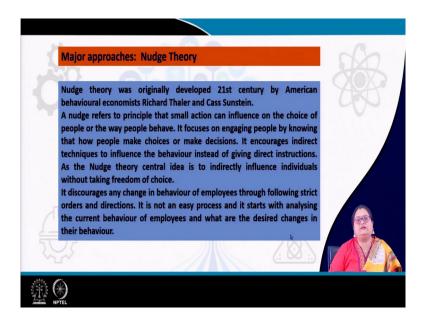


Also, there are two important very important processes of introducing and managing change like the Action research model. And the process of Organisational development which OD or the organisational development comprises of a special set of organisational change method.

So, this will be discussed in details. Like action research, we will discuss to some extent today; but we will continue with its further discussion, detailed discussion as a separate discussion because it requires a detailed focus.

So, also, we will discuss organisational development, how to introduce it, how to do it, what are the challenges of it in a separate discussion. Today, we were going to discuss mainly about the Nudge Theory, Lewin's Force Field Analysis, ADKAR Model, Bridge's Transition Model and Kubler-Ross Five Stage Model and Action research to some extent.

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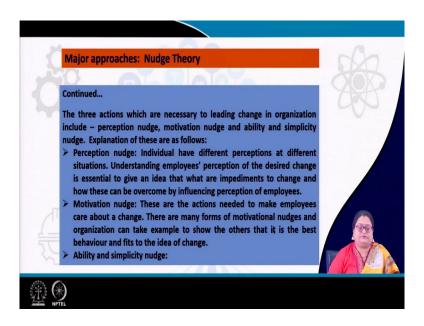
Now, let us see what is nudge theory. Nudge theory was originally developed in the 21st century by American behavioural economists Richard Thaler and Cass Sunstein. So, what is a nudge? A nudge refers to this principle that small actions can influence on the choice of people or the way people behave. It focuses on engaging people by knowing that how people make choices or make decisions. It encourages indirect techniques to influence the behaviour instead of giving direct like instructions.

So, one of the central ideas of the nudge theory is to indirectly influence individuals behaviour without taking away from them the freedom of choice. This is very important. Like whenever we are talking of direct instructions, it is like become an imposed type of behaviour to the people like there is no freedom of choice. But in nudge, what is happening? We are indirectly influencing the behaviour and, but trying to motivate like people behave in certain expected ways. But there is always a freedom of choice for the people to do it or not to do it.

So, a nudge theory discourages any change in behaviour of employees through following strict orders and directions. So, it is not a very easy process to follow the nudge theory or to nudge people properly. So, and it starts with analyzing the current behaviour of employees and what are the desired changes in their behaviour.

So, if you have to apply nudge techniques, we have to understand the current behaviour of the employees in details. And what should be and what are the desired changes in their behaviour and what is the preferred way of acting for that person. And how the person decides under what situations, we have to understand these things very carefully.

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The three actions which are very necessary to leading change in organization include the perception nudge, motivation nudge and the ability and simplicity nudge. We will be explaining these three things in details. Perception nudge individuals definitely have different perceptions of different situations. Understanding employees' perceptions of the desired change is essential to give an idea that were impediments to change and how these can be overcome by influencing the perception of the employees.

So, as we understand as we have already discussed in earlier lectures also, the same situation can be perceived in various ways by different people and this perception depends definitely on their level of knowledge, information seeking behaviour, maybe personality, may be constraints in life, there could be various factors which affect this perception. And for that

difference in perception only, some people may view a particular situation as a positive one and some people may view it to be a negative one.

So, in order to nudge people more, so when there is a resistance to change and we have to make people overcome that resistance to change, we have to see like what influences the perception of people who is having a maybe a negative view of the change processes happening.

And what are those factors which are forming this perception and how they can be dealt with; how we can help the person rather to overcome that those barriers or which are like affecting the perception of the people. Motivation nudge; so, these are the actions needed to make employees care about a change. So, there are many forms of motivational nudges and organization can take an example to show the others that that it is the best behaviour and fits into the idea of change.

So, this is generally done by storytelling in organizations which is a very important part of like when you are talking of introducing a change like how the certain employees contributed to the cause of organization and then, how it led led to positive change both for the person and for the organization at large. These type of story-telling is going to act as a motivational launch for the employees and they will also be willing to like follow that person as a role model or get motivated to do something on their own and contribute positively to the cause of change.

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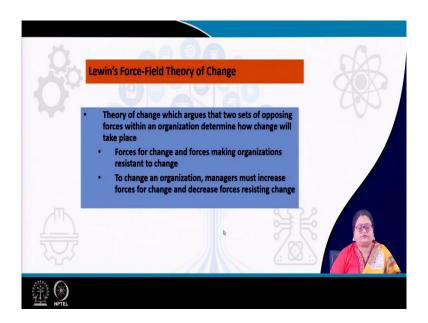
Ability and simplicity nudge; so, when the change is hard and complex and employees feel it very difficult to adapt changes, then simple nudges are needed by a particular organization. So, this simple and tiny actions will improve employee's ability to adapt to changes. So, here comes the like when you talk of ability and simplicity nudge, here we can talk about the importance of giving a positive feedback; an importance of giving an unconditional positive support; recognizing's and celebrating even small steps of success.

So, which is going to boost up the feeling of the employee, yes like if I try, I can do it also. So, these small-small steps, small-small recognitions given by the organization, positive feedback given by the organization about the efforts taken by the employees in the direction of the change should be done. So that it encourages the employees, give them a confidence like yes, they are on the right track and contributing positively to the cause of the organization and to like helping the change process to happen also.

So, nudge theory, we have discussed at the start itself because what we understand like nudge is a process that that is embedded in like any other change management processes. Or theories that we are going to discuss further like whether it is Lewin's force field analysis. Or we are going to discuss about like the ADKAR model or whatever next we are going to discuss especially when you are talking of OD techniques and all. Like how we can in like indirectly influence people to like adapt to the process of change is very important part of as the change process to start and people to assimilate it.

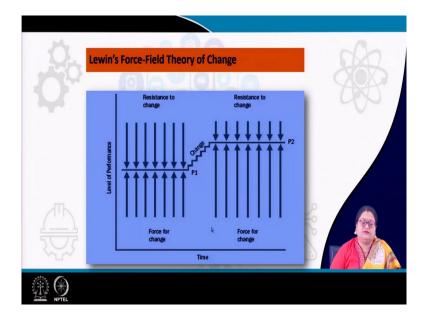
So, and this is a very important technique like which is not a strict imposition in people, but showing and helping them to overcome the barriers and like accept the process of change. So, we have discussed it at the start itself, it is a very important ways a process to be followed in the change management process.

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Next, we will discuss about Lewin's force field theory of change. So, force field theory of change argues that there are two sets of opposing forces within an organization and that will determine how change is going to take place. Forces of change and forces making organizations resistant to change, these are the two oppositely acting forces. To change in organizations, managers must increase forces for change and decrease the forces resisting change.

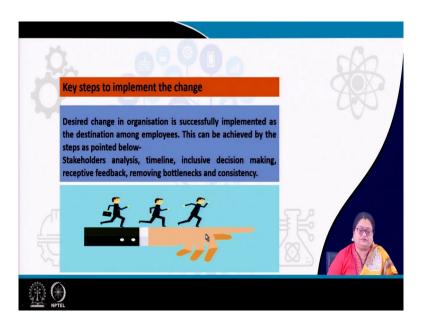
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So, you can see in this picture like these are the forces for change and forces resistant to change, in order that the change is happened so that level of performance moves from P1 to P2, the forces for change should be greater than the forces which are resistance to change.

But always we should remember like it takes time, this cannot be done in a day. This we have repeatedly discussed earlier also, for a change process to happen in a correct way, you have to give time to it; you have to be very perseverant; you have to like nurture people to like accept the process of change also.

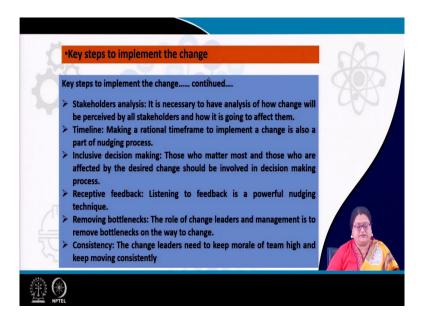
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So, the key steps to implement the changer like it should be shown as a destination as you can see like where you have to go, this this kind of thing needs to be given to the employees.

So, this can be done by the following processes like stakeholder analysis; what is the timeline by which the change has to be like implemented, inclusive decision-making, receptive feedback, removing bottlenecks and consistency. We will discuss each of these steps in details and you will see like the nudging process is involved in maybe, if not all in two three of these steps itself.

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So, the first is the stakeholder analysis. So, it is necessary to understand of to analyze of how change will be perceived by all the stakeholders and how it is going to affect them. So, in this case itself you understand like if you have stakeholders who have like contrary viewpoints as of the change initiators viewpoints.

For them, at this step itself, you may require a perception nudge. Timeline; making a rational time frame to implement the change is also a part of the nudging process. Inclusive decision making; so, those who matter most and those who are affected by the desired change should be involved in the decision-making process.

This is very important part like if people are involved from the start itself, then, there is no information lack or information asymmetry and as a result, there is no place for like the gossips to start. We have already seen in the last discussions how gossip may be harmful for like introducing organizational change. So, if the people who are mostly affected by the change processes and if they are involved in the process of change, decision making from the start itself, then there is a less possibility of gossip and like change can be introduced in a smooth way.

Receptive feedback; so, listening to the feedback is a powerful nudging technique. People will definitely have their own viewpoints; they will have their queries; they may have their like questions based on their uncertainties. So, if like if those queries are listened properly and maybe answers are given to their questions and they can suggest because you are

involving people in the decision-making process, they can suggest your different ways of doing things than what you have thought of.

So, this listening to this feedback itself is a powerful nudging technique which will give the people the feeling, yes, they are valued and their suggestions are implemented and they are involved in the change introduction process. Removing bottlenecks, the role of the change leaders and management is to remove the bottlenecks on the ways to change. Consistency, the change leaders need to keep moral of the team high and keep on moving consistently.

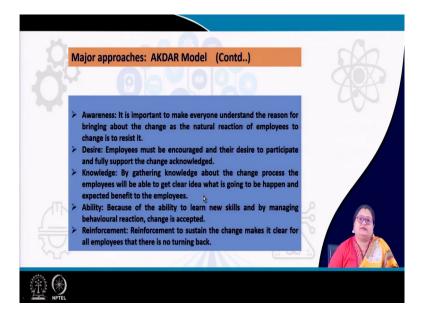
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We will next discuss the one of the major approaches which is also called the AKDAR model which is an acronym created by Jeff Hiatt which represents the 5 tangible and concrete outcomes that people need to achieve for lasting change, their awareness desire knowledge ability and reinforcement.

So, in order to reach this and you will see like if you here are the when you talking of the awareness, desire and knowledge, this is called the enablement zone and the other is like the ability and reinforcement. This is how to keep the people engaged and this is the engagement zone.

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Awareness, it is important to make everyone understand the reason for bringing about the change as the natural reaction of employees to change is to resist it. Desire, employees must be encouraged and their desire to participate and fully support the change, we acknowledged.

Knowledge, by gathering knowledge about the change process, the employees will be able to get a clear idea what is going to happen and like the expected benefits of the to the employees. Ability, because of the ability to learn new skills and by managing behavioural reactions, change is accepted. Reinforcement; reinforcement to sustain the change makes it clear for all the employees like there is no turning back.

Now, when we look into the model, we see like when you bring in awareness, it is brought in by announcing the change to the employees well ahead of time. They explain the reasons behind the change including what are the current pin points and what are the like potential return on investments of the new solutions. Give employees an opportunity to ask questions and make suggestions, this is very important for bringing in awareness in the people.

Desire; we after bringing in awareness, we have to see what is the desire of the people to participating the change. So, in this process, it is important to gauge the employees, reactions to the change, identify the champions. So, and if the people are resistant or indifferent, their addresses the address should be made to answer their concerns or show them how the change benefits them personally.

Then, after a desire of is created in the employees to contribute positively towards the change process, then how to bring it the change a proper knowledge should be given to them. In this knowledge imparting session, provide training or coaching to show what employees need to be, you need to do after the change takes place.

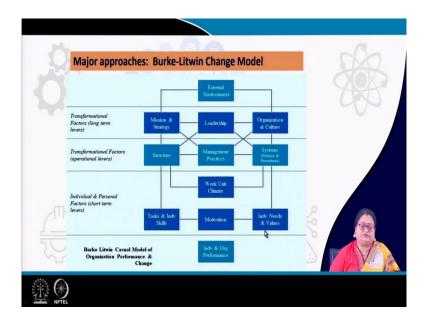
So, if any skill gaps are there, that needs to be addressed also. Offer resources such as process flow charts that employees can act take for reference later on. Ability; so, before the change is fully implemented, short trial runs should be done. So, and in that short practice sessions, the performance should be monitored so that we can understand like where is the gap and we can ask for a constructive feedback.

So, reasonable goals, achievable goals and the metrics should be defined at the start itself and then, the processes need to be adjusted as necessary. So, and reinforcement is very important. So, the change should be monitored over time to ensure that it fulfills the desired outcome.

So, positive feedback, rewards, recognition to encourage the employees are very important steps to keep them following the new process. So, it is not only that the change should be introduced and implemented, but it should be regularly followed and that should be like absorbed within the system of the organization. For it, the reinforcement is really very important.

So, awareness, desire, knowledge, ability and reinforcement are the five tangible outcomes like the people really want to like to manage the like or to understand what are the after effects of change and how to adjust to the change situation, what they are expected to do and other things.

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Another important model very important model that we are going to discuss. Now, is the Burke-Litwin change model. So, here you will see like the this is a very holistic model, which can bring in same picture in a flow chart like what are the factors which influences change at like what levels and how the each of the levels of the like at the organizational level and at the group level and the individual level gets affected. So, this this we call as the causal model of organizational change and performance.

So, if we see this model like there is an external environment which affect such which has an impact on the mission and strategy, leadership and the organizational culture. So, these are the transformational factors which that is why we talk of these things as the long-term levers.

Because they are the these are at the like the strategic level like designs about what is the design of the organization, what will be its vision mission strategy, how the organization is going to look like, how the organization is going to behave like and what is its culture etcetera. So, the external environment has an impact on the mission and strategy, leadership and the organizational culture.

Now, these you can see has an influence again on the management, different management practices and the leadership also has an effect on the structured. Systems and policies and all of these are interlinked with each other, you can see the mission and strategy affect the leadership, leadership affect the culture and again, organizational culture affect the management practices, management practices affect the systems and policies. So, again

mission and strategy affect leadership; leadership can affect organizational structure and the structure is going to affects management practices.

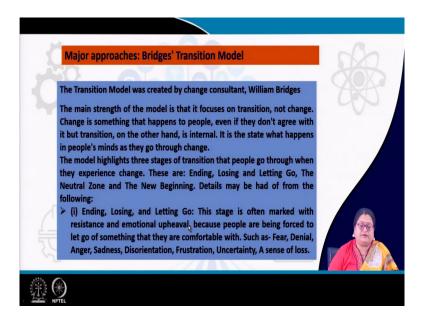
So, these are at the at the operational level, these are the transformational factors; changes in structure, changes in management practices and changes in the systems like the policies and the procedures, all these are going to affect the work unit, climate at the departmental level.

So, what are the practices, what are your structures and systems are going to affect the work unit climate. Then, this again and the structure and the systems and the management practices will also go is going to influence the individual and the personal factors like the what are the tasks, it expected of the individual role expectations and whether there are the individual fitting skills for it.

Then, how it leads to motivation and in the systems, if you can see how the organizational culture like what are the policies and procedures. And whether the system of the policies and procedures takes cares of the individual needs and values are not and if it is taken care or whether it not taking care of, it affects the motivation of the individuals and ultimately, the individuals together what gets affected is the individuals and the organizations performance.

So, here in the in this very holistic diagram, you get to see how the external environment and the expectations of it affects the internal processes. And the systems of the organizations and how it ultimately, affects the individual's performance which totality affects the organizations performance.

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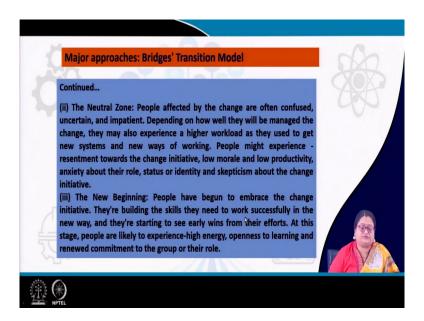
Bridges transition model is another approach of management change, organizational change management. So, what is the importance of this model is that it focuses on transition. So, change as we understand is very important and it's going to happen whether we accept it or not.

So, but the transition is like what happens in a people's mind when they undergo through a process of change. So, this model highlights on the three stages of transition that people go through, when they experience change. These are the Ending, Losing and Letting Go, The Neutral Zone and The New Beginning.

So, the details are like this the ending, losing and letting go. So, this is the stage often marked with the resistance and emotional upheaval because people are being forced to let go of something that they were very comfortable with. So, and then as a result of this what may happen? A sense of fear, denial, anger, sadness, disorientation, frustration, uncertainty and a sense of loss because you have to let go something that you are very fond of, that you are very comfortable with.

So, and it gives you a sense of loss as if you are losing something, as if the whole life is ending for you and as a result, you find these types of negative behaviours or emotions coming up like fear, denial, anger, sadness, disorientation, frustration, uncertainty and a sense of loss.

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Next is the neutral zone. So, after this like initial stage of let go is over, then another transition zone is that of the neutral zone. So, these are the people affected by change or sometimes we remain very confused, uncertain and impatient. So, here actually lies the importance of the change management process because depending on how well they will be managed and the change is how they are getting themselves adjusted with the chain situations, it is very important to shift this neutral zone to the new beginning zone.

So, here they having a process change of change management is very important. So, because of the new ways of working, there will be definitely new workloads coming in, new role definition will be happening. So, if they are not nudged properly, if they are not motivated properly, if the goal setting is not done properly, then it may lead to low morale and productivity, anxiety about the role status or identity and skepticism about the change initiative. So, what you have learned earlier like in the stakeholder analysis, looking at the perception, setting up small steps like encouraging them, giving them feedback about how they are progressing towards the destination.

So, these are involving them from the start of the process itself. These are very important things to help people to like come over the state of neutral zone which is mostly a state of confusion to the next state which is that of the new beginning state. So, in the new beginning state, the people have begun to embrace the change initiative. So, they have they are building

the skills to work successfully in the new way and they are starting to see an early means from their efforts.

So, at this stage, people are likely to experience openness, high energy to learning, energy openness to learning and renewed commitment to a group for their role. So, the hand holding support when people are there in the neutral zone will help them to come to this new beginning zone of transition.

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So, another in the same line of discussion with this transition model, what we find is an important model which talks of the Kubler-Ross Five Stage Model. So, what happens throughout life? We may have experienced many instances of grief. So, grief can be caused by various factors in life like situations relationships or even substance abuse. So, Kubler-Ross like described five popular stages of grief.

So, they are known as like DABDA. So, they include denial anger, bargaining, depression and acceptance. We are studying this model over here in in the sense like when people go for the organizational change process, sometimes they also go through these stages also.

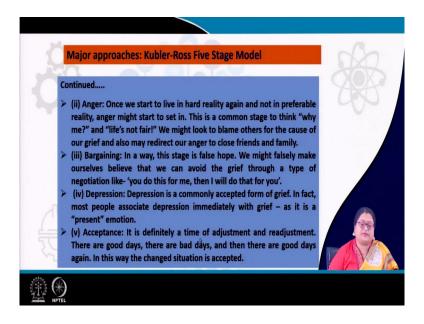
So, even though this model has been developed in a different context like how to deal with grief situations. But this has been discussed here in the organizational context to understand when people see the organizational change. As we have seen like in the earlier model of transition as a sense of loss, as a sense of end, as a sense of letting go, then what happens like

it may give rise to a feeling of grief or sorrow. And then, all these stages may then it is very important to know these stages like how people who are grieved behave in certain situations. So, that again, we can nudge them properly to come out of these situations.

The first is the denial; so, denial is the stage that can initially help us to survive a loss. We might think that life makes no sense, has no meaning and is too overwhelming. So, we then what is done, we start to deny the news and in effect go numb. So, it is natural at this stage to wonder how life will go on in this different state.

So, we are in a state of shock because what we knew has changed in an instant. So, this if you see people demonstrating these kinds of behaviours during like when you are going to initiate the change process, then you know like yes, this person is demonstrating denial to change and that.

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And you have to develop your ways of like interacting with this person. Anger; once we start to live in the hard reality again and not in the preferable reality, so there might be anger. So, this is a common stage to think like "why me?", "the life is not fair". So, you can see people blaming others for the cause of their grief and also may redirect an anger to close friends and families. Third stage is that bargaining.

So, which is also we can tell of a false hope. So, we might falsely make ourselves believe that we can avoid the grief through a type of negotiation like - 'you do this for me, then I am

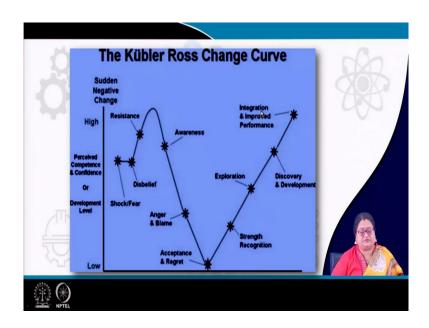
going to do that for you'. So, sometimes you see like when you have discussed about the strategies of introducing change, there also you like we have discussed it negotiation as one of the processes.

But again, we understand like this is not a very preferable way to like introduce the change like – 'if you are doing something for me, then I am doing something for you'. So, this becomes very conditional ways of approach of like approaching the change processes. So, another important stage that you see is that of depression is a commonly accepted form of grief.

So, most people associate depression immediately with grief as it is a present emotion. So, people go for a depressive state. So, because when they do not have a clear idea like what is going to be done in future, how picture is going to look like, because when there is no clarity of purpose, then and their expected role the people go into depression.

So, at this stage information sharing hand holding support like belief and the trust and the ability of the people, competency of the people, yes, they can do it and overcome it, it is very important to bring people out of the state of depression. Acceptance; it is finally, a time of adjustment and readjustment. So, and you can see like we get to accept facts like if there were bad days and good days; then after bad days, definitely there will be some good days and then, the change situation is accepted.

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So, we can see this change curve like first is a state of shock, then disbelief, after that resistance and then, we get aware of it. Then, after this blame and acceptance and regret, then you go on accepting the change by and by strength and recognition, then you start exploring about the new ways of doing things, you discover yourself, go for newer development and ultimately, it leads to the integration and improved performance. So, once you like after acceptance, your you get to recognize your strengths and then, you start exploring and discover new things, then your new integrated and improved performance starts.

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Action research; so, this is an emergent inquiry process in the applied behavioural science knowledge, which is integrated with the existing organizational knowledge and is applied to address real organizational issues. Like till now, we have discussed about people may go through denial, people may go through these different stages, then or people may have problem with the motivation or with the perception; but how to know like who is undergoing that or who is there at what stage and like what is the thought process going on.

So, this we can understand only by like being embedded in the situation going to the people and asking them, questions about it about their feelings, their ways of looking at the change process.

So, that process is known as an Enquiry process which is the like getting to know from the people who are getting affected by change; like what are their viewpoints and what are their worries and anxieties about the change processes coming up on them. So, it is a useful

method for facilitating organizational change by involving and collaborating with the client in the entire process of the diagnostic problem, identification, then experiential learning and problem-solving process.

So, action research, it requires three distinctive stages which are very consistent with a Lewin's model of change like diagnosing the need for change, introduction of an intervention which is the moving stage and evaluation and the stabilization of the change processes. But all these should be done in like by enquiring about the from the people, who are going to get most affected by the change process and what they are comfortable with, what are their like barriers affecting them their thought processes and motivations and perceptions etcetera.

So, we will discuss this more in details in the next part of this week's lecture, which will give you a better understanding of the whole process. Till then, goodbye to you.